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EXCOM 9125-80

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MEMORANDUM FOR: Executive Committee Members

FROM :

SA/DDCI

SUBJECT : Minutes of the Executive Committee Meeting,
1 October 1980 (Merit Pay)

1. The Executive Committee met on 1 October 1980 to consider OPPPM's recommendation on Merit Pay: that the Agency not adopt Merit Pay at this time but that OPPPM monitor Merit Pay systems in other government agencies to give Agency management a basis for later reconsideration of this issue. Participants included the DCI, DDCI, and Messrs. Hart (ADDDA), Stein (ADDO), Taylor (ADDS&T), Ware (D/EEO), Clarke (D/NFAC), (D/Compt.), (Chairman/E Career Service), Briggs (IG), and Fitzwater (D/OPPPM).

2. Mr. Fitzwater reviewed the major purposes and features of the Merit Pay provisions of the Civil Service Reform Act of 1978. In responding to questions, he clarified the following:

- Merit payments would be constrained by available funds, not by quotas.
- Payments are included in the base salary for retirement computation.
- Merit Pay increases are limited to the ceiling of the employee's current grade level.
- Supervisors recommend the level of Merit Pay increases; the next level of supervision is responsible for approving the recommendations.
- Most Agencies' formulas for computing Merit Pay increases tend to award lower amounts to employees in the higher ranges of the grade level.
- Employees who leave GS-13-15 supervisory/managerial positions for nonsupervisory positions revert to the General Pay Schedule.

3. Committee members recognized the general opposition that exists to the Merit Pay provision placing 50 percent of comparability pay raises into the Merit Pay pool of funds. Other areas of concern included the potential necessity to develop a more sophisticated

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performance appraisal report; the need to develop evaluation criteria based on job analyses; the question of where the decision levels for merit payments should be -- branch, division, directorate; and the various concerns that were addressed in designing the SIS system, such as ensuring equity for employees serving on rotation.

4. Noting that CIA was exempt from the Civil Service Reform Act, Mr. Silver emphasized that if the Agency thought the benefits would outweigh the costs, it could develop a Merit Pay system to meet its own needs. Mr. Hart explained his understanding that Merit Pay was designed to substitute achievement for longevity as the criterion for Periodic Step Increases. Other government agencies, however, are concerned about their ability to develop appropriate criteria for Merit Pay increases.

5. After further discussion, the DCI expressed the consensus that the Agency should not consider a system that would reduce employees' comparability pay increases. He requested, however, that OPPPM develop a Merit Pay system proposal for Executive Committee consideration that would use funds presently allocated for Periodic Step Increases and Quality Step Increases to recognize achievement. He emphasized that such a system could be a tremendous managerial tool that would give managers significantly more authority than they have had to date. The proposed system should ensure that affected employees are treated equitably. Like the SIS system, the Agency's adaptation of Merit Pay could include all GS-13-15s, not just supervisors and managers. In concluding, the DCI requested that members get the word out to employees that the Agency does plan to consider the possibility of a Merit Pay system, but not one that would reduce anyone's comparability pay increases.



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cc: IG
Chairman/E Career Service
D/OPPPM

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